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February 2, 1959

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SUBJECT: The Main Trends in 1958 and the German Scene at the Turn of the Year.

Summary and Conclusions.

I. The broad elements of stability in the Federal Republic described in similar surveys in past years (Embtel 2387, Secret, CN-72, Feb. 4, 1958) remained constant in 1958. The leadership and policies of Adenauer continued to dominate and were again endorsed in major elections. Below Adenauer in the CDU there is also a strong and broad leadership which promises continuity of responsible policies and of party strength. Democratic institutions generally gained in effectiveness and popular respect. Prosperity continued to create a climate of contentment, and the people remain devoted to western ideals, aware of their dependence on and responsibility to their allies for security, and resistant to Communist threats or promises. Within this framework trends noted in past years continue, and four developments seem especially noteworthy: (1) New election victories for Adenauer, especially in NRW where the CDU took control of the Government away from the Opposition in a fight on the issue of atomic armament for the Bundeswehr, after the Federal Government and Bundestag had decided to proceed with such armament unless the Soviets agree to general disarmament (or to reunification); (2) the Soviet threat to Berlin which has set in motion political and emotional trends which are certain to affect the Federal Republic's future relations with East and West; (3) the movement led by influential figures in the CDU, favoring reunification negotiations with the USSR on a fresh basis (a basis other than "free elections first") - and which found expression in two unanimous Bundestag resolutions and in the German note to the USSR of November 17; (4) the increased awareness of sovereignty and national strength and consequent readiness to assert an independent position on certain foreign policy issues, at least in non-European questions like the Lebanon-Jordan landings.

1. The German people's realistic attitude toward defense, their acceptance of the Chancellor's advice on what is necessary for the security of the Federal Republic, and their subordination of the issue of reunification to that of security were again demonstrated in the political battle over the question of atomic arms for the Bundeswehr. The Chancellor's success in winning Bundestag approval of such armament and his victory in the North Rhine-Westphalia elections in July was as expressive of his personal popularity and of acceptance of his defense and foreign policies as was his victory in the general elections of 1957.

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The opposition argument that, in the interest of reunification, the Federal Republic should accept a limited role in NATO and oppose Communist aggressiveness with inferior arms proved a resounding failure; and the election was a clear cut victory in the Federal Government's long fight against the SPD's opposition to German rearmament.

2. The Soviet threat to Berlin placed the Federal Republic before the harsh choices of either taking the line that nothing should be conceded (which can only be done with risk of war); or pressing for broad negotiations on a new basis on Germany's future (possibly involving American military withdrawal from Europe); or pressing for a narrow Berlin settlement, involving necessarily increased status for and some degree of recognition of the GDR by both the Federal Republic and the West. The Soviet moves have culled into question both the opposition theory that the Soviets might grant reunification if Germany's future military status were settled to their satisfaction; and the Adenauer-CDU majority theory that close alliance with the U.S. in NATO will guarantee the security of both Berlin and the Federal Republic, and some day lead to reunification. In consequence there is a spreading sense of resignation which weighs ill for future German toughness in dealing with Soviet encroachment, unless the western position in Berlin is somehow held. There is widespread fear of war and hope that the Berlin situation can be resolved peacefully. There is also doubt that the West is prepared to risk a war over a question of dealing with the GDR. Therefore, the Soviet threat to Berlin is believed to make negotiation of some sort necessary; and gives new sharpness to long existing disputes in the Federal Republic about what the basis and objective of negotiations should be.

3. Impatient at the lack of progress toward reunification, and fearing that Germany's division would become final with the passage of time, influential men in the CDU challenged Dr. Adenauer in his strongest quarter, foreign affairs, and, working through the Bundestag, forced the Government to adjust its position on reunification to take into account views at variance with the Chancellor's and those of the western allies. Adenauer rejects both disengagement and confederation; and insists on reunification by free elections - but is no longer so clear that this must be the first step. For the first time there is a major divergence on foreign policy tactics in the CDU; and other personalities are competing seriously, though not successfully, with the Chancellor in this field. These men are as sincerely devoted to the cause of the West as the Chancellor but urge, contrary to stated Allied policy, a fresh approach to reunification involving negotiations on a "peace treaty" or the military status of a reunified Germany. They do this, for the most part, realizing that the Russians probably will not concede reunification in freedom in any case, but believing that nonetheless the relevant questions should be put to the Russians in serious negotiation to make Soviet intransigence on this issue absolutely clear to the German public. These men also believe the cause of democracy in Germany is not well served by

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CDU and SPD attacking each other as "Communists" and "Nazis"; that the atmosphere of mutual recrimination that characterized Bundestag debates in first half of year was unhealthy; and that for this reason inter alia there should be reasonable degree of consultation and cooperation between CDU and opposition in foreign policy. Adenauer remains able to override this influential minority in the CDU/CSU. His close associate, Heinrich Krone will probably succeed Heuss as President, and the next Chancellor will probably be one, like Etzel or Erhard, who upholds Adenauer's position, not one of the dissidents. However, their significance could increase greatly if he leaves the scene, if there is not evident progress toward a peaceful resolution of the Berlin problem, or if the western allies take up ideas similar to their own. To forestall the latter possibilities, should things move in that direction the Chancellor might abandon some of the points on which he has so far insisted, perhaps accepting some recognition of the GDR in a settlement on Berlin as preferable to broad negotiations which might involve withdrawal of American forces from Germany. If Soviets should win de facto recognition of the GDR as the price of a Berlin settlement a gradual establishment of Federal Republic relations with East European states, which has been sidetracked by the CDU so far, will probably follow but, at least under Adenauer, such relations would hardly be friendly.

4. A growing disposition in the Federal Republic to take a stand of its own on some foreign policy issues was demonstrated not only in the reunification field, but also by belated and reluctant support of the U.S.-U.K. landings in Lebanon and Jordan. Although initially fear of a general war was a factor, the Germans also tended to think they would have dealt more cleverly with Arab nationalism thus furthering both German and long term western interests and avoiding the risk of war from bases in Germany. As the Federal Republic's wealth, strength, and desire to play a larger role in world politics lead it into greater activity in underdeveloped areas, there may be further minor conflicts with the interests and policies of its allies.

II. The Federal Republic's relations in 1958 with its western neighbors and certain internal factors also have significance for the year ahead.

Relations with U.K. and France.

The Germans remain convinced supporters of European integration via the Common Market and Euratom, and have held steadfastly to the goal of an economic community of the six based on the closest French-German cooperation. Solidarity with both Britain and France (but where a choice is necessary, with the latter) remains an essential element in the Federal Republic's foreign policy. There is considerable unease about nationalist tendencies in France under de Gaulle. Because of fear of a leftist reaction if de Gaulle fails, and realization that a strong and friendly France is of basic importance for West Germany's security,

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the Germans are trying to give de Gaulle every possible support, not only economically but also politically even when, as in the case of the Free Trade Area issue, there are serious differences between France and other major German allies such as Britain.

German-British relations are neither good nor bad. The Germans sense British antipathy surviving from the war and commercial jealousy and the Federal Government suspects the British of softness in the Berlin question. Despite strains, both London and Bonn maintain a correct and constructive attitude, recognizing their common security interests.

The Opposition.

In Land elections involving two-thirds of the electorate, both major parties increased their strength and minor parties dropped to insignificance. It is probably in the interest of democracy in the Federal Republic that the SPD gained strength generally and was returned to responsibility in Hesse and Berlin. Contrary developments would promote irresponsible policies within the party and radicalization of its leadership. The SPD has not recovered from its 1957 defeat and has been able to make only insignificant steps toward escape from outdated traditions and policies and, for example, will continue to fight German rearmament and especially nuclear weapons and missile bases in the Federal Republic. It has not been able to reconcile the disparate elements of the party and particularly to make a decision as to whether the SPD will remain a workers' party or move toward policies which can attract enough voters to win more elections. Wehner and Brandt are emerging as strong personalities, both relatively realistic in security questions, clever in party politics, and dynamic. Wehner appeals to the traditional working class support of the party and has power now and, Brandt appeals (potentially) to a broader electorate, but lacks party strength outside Berlin. The future of the party may depend on how these two and the elements they represent work together or against each other and what success there is in overcoming inertia and breaking ideological bonds in the SPD.

III. Conclusions.

West Germany's close ties with the U.S., directly and through NATO, are based fundamentally on the general realization that the country's security, and any chance of eventually achieving reunification in freedom, are dependent on the United States. Energetic American fulfillment of obligations to allies in the Near and Far East in the course of the year at first frightened Germans because of the immediate risks involved (and in the case of the Near East, irritated them because of the lack of NATO consultation); but with similar threats to their own territory this evidence of American dependability has come to be praised. Soviet threats to Berlin have intensified the fear of communist encroachment and the

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sense of belonging to the West and depending on the U.S. for security. Consternation caused by indications (for a brief period in November) that the U.S. might accept the GDR as Soviet agents in matters of access to Berlin revealed how much the Federal Government looks to the U.S. to hold the line. Because of the degree to which the Chancellor has based his policy on closest cooperation with the U.S., it is of great importance to his capability to lead that he be consulted (or appear to be consulted) and have (or appear to have) an influential role in the formation of U.S. policies affecting Germany and European security. Consultation in NATO, while still a German desideratum, has been somewhat discredited, because it has become evident that the Federal Republic cannot through NATO exert influence where national interests and responsibilities of others are paramount. The NATO position on Berlin was reassuring; but, conversely, a failure to act unitedly and effectively to hold the city would destroy confidence in the NATO system.

German self-confidence and reliance of its allies on the Federal Republic are justified by the strength of its political structure, the health of its economy (despite serious problems like coal surpluses), its slow but steady progress in building defense forces, and the identification of its foreign policy with ours. The Soviets are currently rocking the boat and will continue to try to sink it. If they can strangle Berlin they will at least have done serious damage to this stability and will raise questions in the Federal Republic as to whether some accommodation with the East might not better be made at the price of a western alliance proved ineffective. If the Soviets, using the Berlin lever, bring about recognition of the GDR, the West Germans will have to think about accepting more or less permanent division of their country or trying to bridge it by more active relations with the communist world. It is of great importance that it be clearly demonstrated to the Germans that their present policies and alliances effectively protect German (including Berlin's) freedom, and will ultimately lead to reunification. Much in the coming year turns on the readiness of the West to preserve Berlin as part of the free world.

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For convenience of reference there follows an outline of points discussed below with page numbers.

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General Stability and the Chancellor's Strength. The Decision on Nuclear Weapons and the German Defense Buildup.

In 1958 the impatience of the German people for security and relaxation of tensions, which was noted in the reference report continued and, at the turn of the year, Soviet threats to Berlin gave added stimulus to national aspirations for reunification and for a concomitant lessening of the danger of a major conflict. However, as great as the fear of war remained also the fear of communist encroachment, together with a sense of belonging to the West and of dependence on the U.S. for security. Chancellor Adenauer remains completely in command of the Government, of his party and of popular support. Despite the bitterness of election campaigns, almost uninterrupted during the past two years, and of debates in the Bundestag in the first half of 1958, democratic institutions have continued to gain in effectiveness and prosperity has produced a climate of contentment and stability.

The German people's realistic attitude toward defense, their acceptance of the Chancellor's advice on what is necessary for the security of the Federal Republic, and their subordination of the issue of reunification to that of security were again demonstrated in the political battle over the question of atomic arms for the Bundeswehr. The Chancellor's victory in the North Rhine-Westphalia elections in July, in which the Opposition chose to fight on this issue, was as expressive of his personal popularity and of acceptance of his foreign policies as was his victory in the general elections of 1957. Whatever may have been the primary motives of the voters, whether inherited party affiliation, prosperity, or anti-socialism, the argument that, in the interest of reunification, the Federal Republic should accept a limited role in NATO and oppose Communist aggressiveness with inferior arms proved a resounding failure, and confidence in Konrad Adenauer the decisive element of success. Eric Mende, FDP leader, has expressed privately a widely held and sound judgment that the Opposition parties assessed German opinion entirely incorrectly; the German public generally fears war, especially atomic war; but does not believe it can be prevented by weakness. They want a strong German army equipped with the most modern weapons, including atomic weapons. The Bundeswehr has come to be respected. Even the SPD has been forced to take the course, difficult for a party which is historically anti-militaristic, of trying to promote good personal relations between all levels of the party and the Bundeswehr.

The NRW victory marked the successful end of a long fight to win public acceptance of the full rearmament of the Federal Republic. The public has not been willing to limit Federal Republic forces even when the SPD, in its last stand, directed a major campaign, supported by many of the country's respected intellectuals, to build up fear of atomic war and moral objections to atomic weapons. There remain economic and technical obstacles to the Federal Government's

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defense efforts within NATO but, as long as the Soviets refuse reunification and general controlled disarmament, there is no longer an effective, basic political opposition to these efforts. This is true because the public believes Adenauer when he says that German rearmament with the most modern weapons, in present circumstances, is necessary as a contribution to the defense within NATO of West Germany and Europe, and is necessary to keep American confidence in NATO and thus to assure American military presence in Germany. This armament is also seen as a means of strengthening the German voice in the western alliance or possibly, at some future date, vis-a-vis the East.

The Germans fear atomic war and atomic weapons no less than the rest of the world. If they believed that the United States, although ultimately withdrawing its forces from Germany, would remain capable and willing to defend the Federal Republic with weapons equal to those of the USSR, they would be willing to ban such weapons from Germany in order to obtain a relaxation of tension and progress toward a solution of the German problem or even of the Berlin problem.

The German Defense Buildup.

Only in terms of personnel strength has the pace of the German defense buildup proceeded nearly on schedule. The Bundeswehr almost reached its planned strength of 200,000 by the end of the year and is expected to reach about 250,000 in 1959, but it is expected that in the current fiscal year less than 7 billion DM of the 10 billion DM appropriated for defense will be spent. For the next year, for which expenditures of 13 billion DM were foreseen a year ago, only 9 billion is provided in the new budget. The shortfall has been due primarily to a failure on the part of the Federal Government to proceed with the procurement of modern weapons systems scheduled for the German Forces in the MC-70 force goals. This failure is the result, in large measure, of a reluctance to invest in weapons systems which in a few years may become obsolescent. Thus, major decisions are often put off pending the availability of the "best", and the "best" often means not the best weapons system in production, but the "best" on the U.S. drawing boards. There is moreover, a reluctance to tie up funds in certain weapons systems scheduled for the Federal Republic in MC-70 which SHARE considers essential from standpoint of the defense of the NATO area as a whole but, which the Germans believe would be of limited value to the national interest of the Federal Republic. At all events, as a result of these delays in weapons procurement the German military establishment can be considered, at the moment, to be of only limited effectiveness in spite of the fact that its manpower buildup is proceeding very much according to schedule. But so long as the Federal Republic can count on the protection afforded by the U.S. retaliatory force and the presence of U.S. (and to lesser extent British) forces in Germany, it can afford to proceed slowly with the buildup of its own forces, carefully choosing weapons

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systems which will not only meet NATO requirements but at the same time be useful to its own national aspirations.

Perhaps in the realization that it would be simpler to acquire weapons more to the Federal Republic's liking (particularly longer range missiles) if it were not dependent upon the U.S. to supply them, Strauss appears to be determined to develop a defense industry in Germany, at least in the key areas of aircraft and missiles. With the decision to produce large quantities (total of about 350) of F-104's and G-91's, a major step has already been taken toward development of the German aircraft industry's potential, notwithstanding misgivings on the part of the Finance and Economic Ministries. These Ministries not only feel that it is more economical to procure major items of armament abroad, but they are also concerned that through defense contracts, production capacities of certain industries will be built up and will require continuing government support, since Germany's defense requirements alone will not utilize their full capacities. The counter-argument of the Defense Ministry, which is apparently winning out, is that through production of latest type armaments, the Federal Republic can at a single stroke go a long way to catching up on weapons developments which have taken place since World War II and thereby develop its own research and development potential, an element, which in the Defense Ministry's view, is essential to Germany's long range military objectives. There is also a traditional desire among the military for German equipment for German forces.

It was with a view to developing its own defense production and development capabilities to meet the requirements of a market larger than just Germany. and in the interest of continental solidarity, that the Federal Republic entered into a working arrangement with the French and Italian Governments (FIG) for joint development and production of weapons. Though starting off with a zest, the cool reception FIG received in NATO and the failure of the U.S. to give it its whole-hearted support have resulted in the organization being largely inactive. Strauss is acutely aware that U.S. support of any such organization is essential as a means of acquiring technical know-how which they could otherwise acquire only at great expense to themselves. Realizing that U.S. support would only be forthcoming if the organization were somehow tied up with NATO, the Federal Republic has during the past several months made two proposals to NATO concerning joint production and development efforts, both of which would allow organizations like FIG to function independently but within the NATO framework. Thus it is evident that the Federal Republic still nurtures hopes that FIG will survive and be able to operate with U.S. technical support. In the meantime, FIG committees continue to meet periodically, maintaining the form of an organization which can begin to operate on important projects when and if it can be worked into NATO on basis suitable to the Germans.

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The coalition parties have welcomed sharp reduction in planned defense expenditures with their attendant political and economic difficulties. Finance Minister Etzel's new defense budget is generally praised as realistic and businesslike. The expenses must eventually be met but at this reduced pace will not add financial pressures to those exerted on the Government for a limitation of arms in some new European security order.

Defense Minister Strauss seems determined to take a further unpopular step, to extend the period of conscription service by three months. (The change would be made simply by advancing periods of reserve training already planned so as to follow basic training immediately.) Opposition parties and some in the CDU will fight the change bitterly but, like atomic arms, if the Chancellor approves the extension, it is likely to be accepted by a public which sees little value in having an army which is not as good as possible.

Berlin, Reunification and Dissidence in the CDU.

(See also Embassy Despatch 971, December 22, 1958, in which attitudes on reunification and the Berlin problem are analyzed.)

Until the Soviets threatened Berlin directly in the Khrushchev speech of November 10, the Chancellor and the majority of the CDU had reason to believe that the mass of the public was content in the security they had achieved within NATO and by their own military efforts, and wary of any dealings with the Soviets. They had the election results to prove it. They saw and still see no prospects of early progress toward reunification, and believe that the public wants to avoid an armed clash over Berlin and somehow to return to the relative stability of the status quo ante November 10 from which the long range efforts toward a real detente with general disarmament and reunification could be continued. These CDU leaders count on the Soviets, now faced with Western rejection of their Berlin proposals, not letting the situation come to a showdown with attendant risks of general war. The Federal Government has always uncompromisingly rejected the idea of disengagement and its leaders are afraid of being forced toward negotiations on this thesis by Soviet pressure on Berlin. However, they cannot altogether ignore the pressures to negotiate and, so far, have taken a public position emphasizing general disarmament negotiations which, they hope, might at least delay Soviet implementation of their Berlin plans. They stress that all efforts must be directed toward general controlled disarmament because it alone provides a framework within which the German problem can be solved and that any experiments short of this disarmament risk the security of the Federal Republic without achieving reunification. However, disarmament negotiations do not offer easy or early achievement of security; and the Opposition has been reinforced by an important minority in the CDU in calling for shorter range and more specific measures which might resolve the Berlin problem by generally lessening tension

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in Europe and promoting or bringing about reunification by meeting Soviet and satellite concerns about the military status of a reunified Germany. The Chancellor has put his foot down rather firmly, so far, against negotiations on a peace treaty for Germany, or on Berlin; but despite his nearly absolute power and his profound opposition to any step which might lead to American military withdrawal from Germany, the Chancellor is under great pressure to bring about some sort of broad negotiations, and the Soviets have every opportunity to set a high price even on their agreement to meet. Adenauer retains broad popular support; and he also holds firmly to his basic principles regarding the importance of the Federal Republic's western ties and the American military presence as a guarantee of security having priority over reunification. Even if he should find it useful to strike a public attitude of flexibility, he can be expected, at the same time, to press his allies to defend these basic principles rigidly.

Before 1958 no significant CDU/CSU voice was raised publicly against the Chancellor's foreign and defense policies. There is still none within the party who challenges his principles of close alliance with the West and promotion of West European unity. However, on the question of dealing with the East he has not been able to prevent the emergence in his party of strong leaders who oppose his tactics in foreign affairs. If the Chancellor should leave the political scene, they could possibly lead the party in their own direction. 1958 began with a Bundestag debate (January 23) of unprecedented rancor in which the Chancellor failed to respond to accusations from the Opposition that he was purposely obstructing reunification by rigid adherence to outdated positions. He then went on a prolonged vacation in a period when the big powers seemed to be moving toward a summit conference which might not include the German question. In this vacuum Bundestag President Gerstenmaier (CDU) launched his proposal for negotiations on a "German Peace Treaty". At that time, too, Minister for All-German Affairs Lemmer first spoke publicly of the possibility of confederation with a freely elected East German Government. Throughout the year Gerstenmaier pressed his proposals against the Chancellor's will; and he was joined by intellectuals, leading editors, and respected political leaders, even in the CDU, like Lemmer, former Foreign Affairs Committee Chairman Kiesinger, and Berlin Deputy Grädl, who argue that reunification, or a relaxation of tension, can never be achieved unless negotiations can be brought about between the West and the USSR on the subject of Germany's future military status perhaps in the framework of peace treaty negotiations. In part these men are also motivated by a desire to work more closely with the Opposition believing that the cause of democracy is not well served by CDU and SPD attacking each other as "communists" and "nazis" as they did in the bitter debates in the spring and in the election campaigns. Some of them believe that if Soviet concern about Germany's future military status were allayed, reunification would be possible; others believe that the Soviets are not now prepared to accept reunification in freedom in any case, but that the West nonetheless should, for tactical reasons of its own

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public opinion, make offers involving disengagement and "thinning out" in the German area in order to expose the Soviets and to demonstrate the West's readiness to be "reasonable".

Opposition to the Chancellor within the CDU is supported by continuing pressure from the SPD and FDP and, to some extent, even by Chairman Hellwege and Vice Chairman Schneider of the DP, his coalition partner. The FDP fathered the Bundestag proposal for a Four Power Commission on the German problem and continues to press for negotiations in which representatives of the GDR and the Federal Republic would have a part and could, as they seem to see it, work together to press "German" views on the major powers. The SPD has been heartened by American and British (opposition) support for disengagement and joins Kennan in warning that the Soviet move against Berlin may offer "the last chance" to negotiate a settlement of the German problem which they believe can only come after agreement on a new security order in Europe probably involving some withdrawal of Soviet and American forces and a transitional period of collaboration between the two parts of Germany.

Under the leadership of the CDU dissidents, the Foreign Affairs Committee of the Bundestag in the course of 1958 added its weight to the demands for a new approach. On its initiative the Bundestag unanimously adopted the resolutions of July 2 and October 1 as a result of which the Government proposed in its note to the USSR of November 17, 1958 inclusion of the subject "peace treaty" (and by implication Germany's future military status) in western negotiations with the USSR. The Chancellor failed to stop these resolutions which forced him to weaken his own clear position. He was put on the defensive and, to some extent, temporarily lost the initiative to the CDU minority working with the opposition through the Bundestag. It remains difficult to judge the depth of support for these dissident views in the CDU; but repeated reproach by the Chancellor privately and before the faction has not silenced Gerstenmaier, Gradi, Lemmer and Kiesinger. If there is not evident progress toward a peaceful solution of the Berlin problem, or if the western allies should take up ideas similar to those of the CDU dissidents, these men are likely to gain in influence. The Chancellor has repeatedly denounced them and their views and it would be difficult for him to appear to give up his own policies in favor of theirs. He may try to take the initiative back from them with new tactics of his own. He has already taken advantage of the harshness of the Soviet peace treaty proposals, which served somewhat to discredit Gerstenmaier's proposals, to rally the party behind his old, firm policies. If these policies do not meet the Berlin situation adequately the Chancellor may abandon some of the points on which he has so far insisted, perhaps accepting some degree of recognition of the GDR in a settlement on Berlin as preferable to broad negotiations which might involve withdrawal of American forces from Germany.

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The Soviet moves against Berlin have called into question the basic principles of the Adenauer-CDU majority foreign policy, - that close alliance with the United States in NATO will guarantee the security of both Berlin and the Federal Republic, and some day lead to reunification. In consequence there is a spreading sense of resignation in the Federal Republic which augurs ill for future German toughness in dealing with Soviet encroachment unless the western position in Berlin is somehow held. There is also widespread fear of war and hope that the Berlin situation can be resolved peacefully; and at the same time doubt that the West is prepared to risk a war over a question of dealing with the GDR. If the Soviets succeed in strangling Berlin, it will raise questions in the Federal Republic as to whether some accommodation with the East might not better be made at the price of a western alliance proved ineffective. If the Soviets, using the Berlin lever, bring about recognition of the GDR, the West Germans will have to think about accepting more or less permanent division of their country or trying to bridge it by more active relations with the communist world. It is of great importance that it be clearly demonstrated to the Germans that their present policies and alliances effectively protect German (including Berlin's) freedom, and will ultimately lead to reunification. Much in the coming year turns on the readiness of the West to preserve Berlin as part of the free world.

Increased Readiness to Take Independent Foreign Policy Positions in Non-European Areas. The Lebanon-Jordan Landings. Quency. Assistance to Underdeveloped Areas.

The developing Berlin crisis has brought renewed realization of West Germany's dependence on U.S. support for protection against Soviet expansion. There also became evident during the year a stronger general inclination than hitherto to put forward an independent German policy, to follow, at least tentatively, policies believed to be in Germany's interest, whether or not they happened to coincide fully with the policies of the U.S. or other major allies. This tendency has appeared with the evolution of sovereignty and international respectability since the end of the occupation, and with continued prosperity and economic strength. It has also been promoted by the steady growth of the German armed forces and the corresponding increasing importance of West Germany as a significant factor in the world political and military balance. Such signs of increased independence of outlook and action included: (1) In the area of the German problem and European security, the eagerness of the German Bundestag (with at least the acquiescence of the Foreign Office and the Chancellor) to explore, or to press the three western powers to explore, new paths in negotiations with the USSR, as noted above; (2) the flirtation early in the year with the idea of developing through cooperation in defense production with France and Italy ("FIG") a continental atomic weapons and missiles capability independent of the U.S. and the U.K.; (3) the tendency during the Near East crisis which followed the July revolution in Iraq, to hold to an independent German policy toward the Arabs aimed at furthering German

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interests by striking a sympathetic note toward Arab nationalism, and for this purpose avoiding as much as possible for a brief period identification with or support of the U.S. and the U.K. interventions with military force in Lebanon and Jordan; (4) the tendency to stand aside from the conflict in the Far East and to be critical of U.S. policy for example, in the Quemoy situation of last fall.

In Asia and Africa and the "underdeveloped" world generally the Germans have continued their efforts to win friends and influence people through both political and economic means. In general they have made every effort to do this in cooperation and association with, or without infringing on the interests of, their major NATO allies. However, there was also a tendency, shown particularly in the Near East crisis of last summer, to hold at least for a brief period to an independent German policy in areas where the Germans found U.S. or U.K. policies to be ill advised.

The Near East Crisis (Lebanon-Jordan Landings).

During the Near East crisis which developed after the July revolution in Iraq there was for a brief period a German tendency to give uncritical support to Arab nationalism, and for this purpose to attempt to avoid as far as possible identification with the U.S.-U.K. military actions in Lebanon and Jordan. It was widely held by the German press, the general public, politicians and foreign policy experts that Germans understood the Arabs and their nationalism better than the U.S., U.K. and France; that Arabs like Germans better than Americans, British or Frenchmen for historic reasons and because Germany is a relatively small "non-colonial, non-imperialist" power; and therefore it would be not only in the German interest but also in the long term interest of the three western powers if Germany followed independent policies aimed at conciliating Arab nationalism. Considerations of this kind, coupled with pique that the Federal Government had not been consulted in advance, seem to have been the reason for a notable lack of enthusiasm for the U.S.-U.K. action in Lebanon and Jordan, and the absence of any indication of governmental sympathy with any support for U.S.-U.K. goals for a period of a little over a week following the U.S.-U.K. landings. A contributing factor was widespread fear, initially, that because the U.S. forces used came from bases in West Germany, the country might become involved in war with the USSR. After this brief interlude Chancellor Adenauer, doubtless realizing that the independent German line in a time of crisis or near-crisis for the U.S.-U.K. was causing surprise and resentment particularly in the United States, characteristically came out with a cabinet statement emphatically supporting the U.S.-U.K. actions. The principal significance of the episode is that it demonstrated that there has developed increased readiness (as Germans with the passage of time, and the establishment of increasingly effective armed forces, regain the feeling that they constitute an independent sovereign national state) to

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follow German national policies even if U.S. (or U.K. or French) policies take a different course.

The Far East: Quemoy.

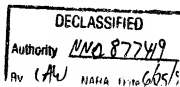
In the Far East, although there too the Germans do not like to see themselves too closely identified with U.S. policies, the situation is somewhat different because in this area Germans feel that their interests are not so directly involved as in the Near East. In the Quemoy crisis of last fall, many Germans felt that U.S. policy was risky, unnecessary and ill-advised, as well as being unpopular in the uncommitted world; and many felt that Germany would do well not to express support of the U.S. position. Here again, after much discussion in the CDU and elsewhere, those who agree with the Chancellor regarding the overriding importance of the American connection for German security won out and the ~~German government~~ CDU after considerable delay somewhat hesitantly took the ~~public~~ ^{public} line that the U.S. was right to stand by its Quemoy commitment to its Chinese ally, even at the risk of war. Apart from those including Foreign Minister von Brentano who in this fashion (and with the German question and the position of Berlin in mind) stressed the importance of the U.S. fully backing its allies and believed Germany should give the U.S. its moral support in the Far East for this reason, the general feeling seemed to be that German interests are not directly involved in Far Eastern situations; - therefore, why should West Germany take a public position in support of every U.S. action, when to do so would only arouse against Germans the animosity of many uncommitted or neutral Asian states who dislike American policies. There has been no significant change in this year in attitudes toward the problem of recognition of the two Chinas.

Assistance to Underdeveloped Areas.

In 1958 the Germans engaged in, or committed themselves to engage in extensive economic aid programs in the United Arab Republic, Turkey, Greece and India. Their interest reflected recognition of the general importance of the area, a German desire to assume the role of a world power, ^{and} the weight which it is assumed the Soviets attach to the opinion of the Afro-Asian countries and the possibility of winning support in these areas for West German interests (including holding the line against recognition of the GDR).

During the year increased recognition was given by the Germans to the necessity and responsibility of the industrialized countries for assisting the economic development of less developed areas. Concrete assistance by the Federal Republic was extended in a variety of forms. The bulk of such assistance was provided in the form of so called "Hermes" credit guarantees for the export of German goods. Additional aid was provided in the form of direct credits, and funds for which, in some cases, must still be raised. The countries benefiting

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most from such German assistance were India, the United Arab Republic, Turkey and Greece.

In addition to export guarantees and regular credits, the Federal Republic continued its grant program in the amount of DM 50 million per year. This program is devoted principally to developing schools, model farms, or special projects, in cooperation with the recipient country, and to providing training in the Federal Republic. During 1958, emphasis on expenditures under this program was shifted to a certain extent from the Near and Middle East to Africa, which received an allocation of DM 10 million as compared with less than DM one million for the preceding fiscal year.

European Integration; and German Relations with France and Britain.

(a) European Integration

The Germans remain convinced supporters of European integration via the Common Market and Euratom; and despite an uncomfortable feeling about the various developments in France this year, and pressures from the British and others urging that the Common Market be extended in a "Free Trade Area" direction against the wishes of the French, the Germans have held steadfastly to the goal of an economic community of the "Six" based on the closest French-German cooperation. The coming into force of the Common Market and Euratom at the beginning of 1959 are counted as marks of steady progress toward European integration. External convertibility was welcomed as a sign of strength and of progress toward a better basis for integration. Implementation of the Common Market and Euratom agreements is expected to continue quietly with little direct impact on the life of the ordinary citizen in the Federal Republic. In a period of continued prosperity the Federal Republic could contemplate the difficulties of transition to a new European economic pattern with equanimity, although some industries, notably textiles, view the developing situation with alarm. ^{There is also concern} U.S. subsidiaries with large amounts of capital may take advantage of the gains expected from a broader distribution system in the Common Market framework.

(b) German-French Relations.

There was considerable concern during the year over the course of developments in France, and widespread initial doubts as to whether de Gaulle would or could continue the European policies including close cooperation with Germany initiated by the Fourth Republic. Nevertheless, at the turn of the year Franco-German relations were outwardly flourishing and the Germans, despite increasing doubts about France's future course continue to make close cooperation with France the basis of their policies in Europe.

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When de Gaulle first took over last May there was widespread fear, because of his past record, that he might cause real difficulties in NATO, lead France away from the European idea and abandon the policy of close cooperation with Germany as the foundation of European unity. These doubts were dissipated at the time of the September de Gaulle-Adenauer meeting; and following this meeting there was a renewed honeymoon in German-French relations, with the Chancellor seizing every opportunity to tell all and sundry what a splendid man de Gaulle was, and indicating that the German-French partnership would now be more effective than ever with France under the leadership of such a strong, wise and capable man. More recently, however, with the overwhelming victory of rightist elements in the French parliamentary elections, and the defeat of the moderate left, the Germans are again seriously concerned as to the future in France, fearing both the right wing nationalist trend and the danger that de Gaulle regime may not succeed, and be followed by a radical leftist reaction.

From the German standpoint a stable, strong and friendly France remains a paramount foreign policy interest, since German security in the last analysis is more dependent on the attitudes, policies and political stability of France than of any other country with the exception of the U.S.; and the Germans know that, whatever happens, the French are their neighbors and therefore, must be their close associates. For this reason the Germans are trying to give de Gaulle every possible support, not only economically and financially, but also politically when, as in the case of the Free Trade Area issue, there are serious differences between France and other major German allies such as Britain. There is, however, some grumbling on the German side that the efforts to appease de Gaulle may be at the cost of delaying further military integration of NATO. The Germans are particularly upset that French maneuverings have forced them out on the limb on the issue of common financing of new weapons requirements and that the French, at the last minute, succeeded in watering down the proposals for integrated air defense, a project which the Germans strongly favor. If de Gaulle's Algerian policies are not successful, the Federal Republic will be troubled by the dangers to its fundamental relations with France which lie in a more pro-Arab policy it would like to follow in North Africa in the interest of its own relations with the Arabs.

(c) German-British Relations.

The tone of German-British relations this year, as in the past, has been determined essentially by the issues of defense, European integration, and reunification. Relations with the British which were somewhat (though not seriously) strained in 1957, did not noticeably improve in 1958. While the amicable settlement in April 1958 of the issues of support costs and the size of the "shield" forces the British would maintain until 1961 on German soil led to a significant improvement, the refusal of the Germans to support the Free Trade Area ideas of

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the British (despite the sympathy of German business and German economic policy makers such as Economic Minister Erhard for them) caused a further strain in Anglo-German relations toward the end of the year. The Germans attribute little military importance to British strength in Germany but fear that any large scale reduction of U.K. forces in Germany could lead also to U.S. withdrawal. The British for psychological and historical reasons, seem to some extent to resent the refusal of the Germans (who, economically, favor the FTA) to put pressure on the French to accept FTA, more than they resent the uncompromising refusal of the French to meet the British desire to establish a Free Trade Area. Caught between the conflicting aims and attitudes of Britain and France, the Germans because of the special importance of France to them have given their support to the French viewpoint. They have at the same time, indicated to the British that they understand the British position, and would themselves favor an FTA if economic considerations only were involved, but that they cannot oppose the French on the issue because of the importance of amicable French-German relations and of European integration and of the success of the Common Market particularly.

In the reunification field, and the related problem of Berlin, the Germans for a while, prior to the December Paris NATO meetings, were disturbed by what they regarded as signs of British "softness" on such questions as dealing with the GDR and disengagement proposals. Although the firm stand on Berlin taken by the British and others at Paris under U.S. leadership has at least temporarily removed this difficulty, the Germans remain, perhaps justifiably, doubtful as to how far the British would go to maintain the status quo in Berlin. They also doubt that the British are much concerned about reunification, and fear, therefore, that the British in future, either under a Labor government or a Conservative one, may press sooner or later for an East-West settlement through a European security (or disengagement) arrangement without reunification having been achieved.

The British make Adenauer uncomfortable and his meetings with Macmillan will never be like those with de Gaulle. There is an underlying distrust, even dislike, between the two countries, particularly on the part of the British with regard to the Germans, their recent enemies in war and now an important commercial rival. This was manifested during President Neuss' visit to London this year and in British resentment of German economic strength and emphasis on continental relations, as in the FTA dispute. On the German side it arises from doubt of British support for Berlin and reunification. In sum, German-British relations remain cool but fairly amicable within the NATO framework. The two countries are aware of their common security interests and political ideals and there will continue to be efforts to improve relations like the current cooperation to promote trade between the two countries.

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Nato and Relations with the U.S.

NATO continues to be regarded as the key to relations with the United States and therefore to German security. In the Berlin crisis NATO has been generally praised as the effective channel for mobilizing western support for Germany's interests. With the decision to accept atomic arms it is also the framework within which Germany can live up to its commitment not to produce such weapons and yet have them available in order to remain a significant military power. There has been some loss of confidence in NATO as an agency through which the Federal Republic can make its views effective in world politics. U.S.-U.K. measures taken in the Near East last summer were interpreted as a failure of the consultation principle. The de Gaulle move to create what seems to amount to two classes of NATO membership piqued the Germans and increases German attention to their own contacts with the USA outside of NATO. Although it never became a serious issue, de Gaulle's move created some doubt as to NATO's stability and reputation as an alliance of equal partners and was distressing after the Chancellor believed he had reached a fundamental understanding at Colombey-les-deux-Eglises. Differences between NATO members on economic problems, also cast doubt on the solidarity of the organization.

All parties in the Federal Republic acknowledge the country's reliance on the United States for its security. CDU leaders view with unease Democratic predominance in Congress lest weakness arise from disagreement between the executive and legislature; and they show uncertainty as to whether the U.S. will stand firm or possibly move toward Kennan-Humphrey disengagement ideas. The Mikoyan visit to the U.S. early in 1959 and Senator Humphrey's conversation in Moscow also brought to the surface ever present concern lest an U.S.-USSR agreement take place without German participation and perhaps lead to mutual withdrawal without reunification. The warmth of relations between the Federal Government and Washington will depend on the extent to which the Chancellor feels he has been consulted and informed. There is nothing more harmful or distressing to the Chancellor than a public impression that his views are not sought and heeded in all American policies in Europe (The Radford Plan of 1956 episode still rankles). Especially with Adenauer's opponents basing their arguments on a possible or inevitable American change, he will be very sensitive to every report from America. His contacts with the Secretary will assume a special importance and it is not impossible that he will again visit the United States in order to obtain assurances that we are firmly with him.

Energetic American fulfillment of obligations to allies in the Far and Near East in the course of the year frightened Germans because of the immediate risks involved; but with similar threats to their own territory this evidence of American dependability has come to be praised. Consternation caused by indications that the U.S. might accept the CDR as Soviet "agents" in matters of access

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to Berlin revealed the degree to which the Federal Government looks to the U.S. to hold the line. Even in wanting the U.S. to stand firm, however, there is opposition to the actual use of force and Adenauer's opponents continue to say he seeks to obstruct negotiations which might bring about peaceful settlement of the Berlin issue and open new roads to reunification.

American progress with new weapons has been praised but also taken for granted and, despite Soviet successes, there is by and large a sense of parity in long range weaponry. Growth of German forces and the decision to accept atomic arms have also built up confidence in the German self-defense capability. Even many of those who believe American presence is politically essential tend to see reductions of U.S. forces as inevitable and perhaps as a useful element in negotiations which must now take place to solve the Berlin problem.

There remains, as always, a number of problems in German-American relations of a different order from the major political problems of NATO, Berlin and reunification. Such problems arise especially in connection with the economic relations between the two countries and the settlement of problems arising from the war and occupation, and, for example, include at present such specific issues as restrictions on importation of U.S. coal, the Forces Agreement and the problem of German assets in the United States.

Relations with the USSR.

The conclusion of agreements on consular relations, trade, and repatriation and the flying visit to the Federal Republic by Soviet Deputy Premier Mikoyan last spring temporarily created the illusion that relations between the Federal Republic and the Soviet Union might begin to improve. However, this impression was quickly dissipated. The Soviet Union's blunt and continued refusal to permit the reunification of Germany; its persistent attacks on the Government and the policies of the Federal Republic; its obvious intention to use the German situation as a weapon in its campaign to weaken and destroy the Western Powers' security position, made such a development impossible. Persistent Soviet attacks which began with demonstrations against the German Embassy in Moscow last June, and were stepped up during the Lebanese and Jordanian crisis of last summer, and culminated in the latest Kremlin moves against Berlin made it painfully clear even to the more optimistic political elements in the Federal Republic that for the present at least it was virtually impossible to find a basis for a rapprochement with the Soviet Union. While both Governments, despite considerable difficulties, have succeeded in maintaining coldly correct diplomatic contacts, there are hardly two peoples or governments in the world more distrustful of each other than those of the Federal Republic and the Soviet Union.

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Although there is a desire in the Federal Republic to achieve a settlement of the Berlin question through broad negotiations, the Soviet threat also strengthens the view that an unyielding and hard line is the Federal Republic's only protection against Soviet aggressiveness. Accordingly, if broad negotiations are entered into in order to solve the Berlin question, the Chancellor will certainly continue to refuse to give up any element of the security of the Federal Republic. However, the way remains open to the Soviets to make an offer for mutual withdrawal and limitation of armament which it would be difficult for the Federal Government to refuse, should such be the price of reunification. However, the Soviets are not expected to offer reunification, even if, thereby, they could keep nuclear weapons out of German hands, because to do so could weaken their satellite system and because they fear a reunited Germany. With tranquility evidently more important than reunification in the West German mind, the Soviets may get into a position to win concessions toward disengagement from the Federal Republic by pressure on Berlin. Alternatively, there is a spreading softness in the Federal Republic, still opposed by the majority, which may give the Soviets at least the limited success of achieving de facto recognition of the GDR. Many in the opposition hold that this is inevitable and perhaps useful. In some CDU circles it is privately seen as the easiest way out of the Berlin problem and certainly preferable either to a war or to negotiations on disengagement.

Relations with East European States.

Establishment of diplomatic relations with Eastern European states was discussed sporadically throughout 1958 and remains on the agenda of the Foreign Affairs Committee of the Bundestag. In late spring, however, the Chancellor's men brought the CDU to the conclusion that recognition of the satellites could only lead to general recognition of the GDR. Arguments that recognition of the satellites would weaken their ties to the USSR were discounted. Polish calls for recognition of the Oder-Neisse line as a condition for the establishment of relations, as well as general satellite support for Soviet refusal of reunification, discouraged hopes that diplomatic relations in the Communist world would benefit German interests. There were a few journalists (notably from *Der Spiegel* and *Die Welt*) who came out for a "realistic" renunciation of German claims to the Oder-Neisse territories. Most politicians, except those in refugee groups, are prepared to take this step but not before an advantage can be gained from it in reunification negotiations, but some members of the SPD are increasingly weaker in resisting such concessions than their party has been in past years.

A year ago with the breaking off of Federal Republic relations with Yugoslavia because of the latter's recognition of Pankow, the Opposition warned the Government that maintaining the Hallstein Doctrine (that the Federal

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Republic would have relations with no state recognizing the GDR, except the Soviet Union) could only lead to a disruption of the Federal Republic relations with most of the Afro-Asian countries, and to the GDR becoming the principal representative of Germany in the world. The Government's firmness toward Yugoslavia was for a long time considered a great success and a proof of contrary arguments. If the GDR achieves wider recognition by Afro-Asian states, it is widely thought that the Hallstein line will ultimately have to be abandoned.

The end of the policy of non-recognition would be inevitable if there were dealings with the GDR by the West as part of a resolution of the Berlin problem. Furthermore, if such dealings occur, the way will be opened wide to more and more German contacts with GDR authorities. There are already a few CDU Deputies and Government officials who say privately that Bonn-Pankow talks, at least in the interest of the people of the Zone, are inevitable and, after all, not so bad. In 1958 the GDR brought to public attention the fact that even two years ago Finance Minister Fritz Schaeffer, with Adenauer's acquiescence, had discussed reunification with the Soviet Ambassador in Berlin and with representatives of the East Zone government. The SPD has fallen in line behind a proposal of its radical (Heinemann) wing for a Federal agency to deal with GDR authorities on all problems of mutual concern. Ollenhauer and Wehner are reported to be preparing the party for closer working relations with the GDR short of recognition. Kalbitzer, an SPD radical has come out publicly for confederation. The FDP is pressing as hard as it can for a four-power meeting in which the two Germanies, as "advisers", could negotiate together under the aegis of the big powers. If the GDR is once recognized there would be left no Government argument against recognition of the satellites. However, the Chancellor would be most reluctant to accept a reversal of his non-recognition policy and, even if forced to move, would probably begin cautiously with trade missions or consular relations in Poland and Czechoslovakia and conduct any such relations with the chilly formality which has characterized his relations with Moscow.

Domestic Affairs.

Land Elections.

About two-thirds of the electorate voted in 1958 in Land elections. The elections in North Rhine-Westphalia in July were the most important because they involved the greatest number of voters, because they were the first in the series of elections, because the Opposition controlled the Land Government and, most of all, because the campaign was fought on the same great national issues which dominated the 1957 federal elections with new emphasis on the question of atomic arms. On this last point both major parties threw all their weight into the campaign, the Chancellor himself playing a leading role. The weakness of the FDP and other small parties and other local factors, as well as continuing

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prosperity, certainly had an effect on the election results. However, the CDU's victory is everywhere interpreted as proof that the Chancellor is politically unbeatable because of his capacity to hold almost universal respect and trust. The NRW elections constituted an endorsement of his foreign policies and a decisive expression of the will of the German people, under the Chancellor's leadership, for full participation in an effective western defense including atomic weapons in German hands. This decision was taken despite Opposition emphasis on the dreadful political, military, and moral implications of such armament. The success also assures the CDU firm control of the Bundesrat and a nearly free hand in choosing the next Federal President who must be elected before August 15 to take office in September. (The decision has been taken tentatively in the CDU to make Heinrich Krone, now Faction Chairman, Federal President. This was done with a view to finding a position from which Krone could influence foreign policy in accordance with Adenauer's views when there is a new Chancellor, and to provide a confessional balance - Krone is Catholic and the leading contenders for the Chancellorship are Protestant.)

The FDP's defeat in NRW marked the end of the predominant influence in the party of the Duesseldorf "Young Turks" and of their revolt which disturbed politics in the Federal Republic for two years. The party cannot, probably, regain its earlier strength nor will it return to support of CDU policies but it can now be expected to align itself somewhat more closely with popularly accepted lines.

The next most important elections were those in Berlin which, by the flat rejection of the SED, became a manifestation of German solidarity against communist pressure. Elections in Hesse, Bavaria and Schleswig-Holstein, were less influenced by national and international questions than by local issues and personalities. Adenauer injected himself perfunctorily into these campaigns, not enough to change their character, and met, in Hesse and Bavaria, a rather unfavorable reception of his usual violent attacks on the Opposition. The CDU increased its strength markedly in Schleswig-Holstein which built up the prestige of Kai-Uwe von Hassel, their strongest leader in the Protestant North. The CSU success in Bavaria should not be discounted out was a little less than had been hoped for and a little anticlimactic after NRW. The survival of the Bavarian Party as well as the FDP and the BHE was unexpected in Bavaria.

Both major parties increased their strength in all elections and minor parties dropped to insignificance. However, the two party trend stopped short of complete disappearance of the small parties. The FDP suffered worst, holding only about sixty percent of the voters who supported their party in elections in the same Laender in 1954. The BHE which seemed to be dying in the 1957 elections, profited from participation in the governments of Schleswig-Holstein, Hesse and Bavaria and from a strong, though small, party organization, based on

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refugee organizations, and remained in the parliaments in all three Laender, even increasing its strength in Hesse. (At the end of the year the major refugee organizations in the Federal Republic merged to form a pressure group with some two million members which will work through all parties in the future and which will play a role especially when Germany's eastern borders are under discussion). The Deutsche Partei fell below minimum requirements for representation in all Land elections and the Zentrum disappeared in North Rhine-Westphalia. The DP's last chance will be in April, 1959, in the elections in Lower Saxony, the party's home province where it will probably be able to survive, but it has lost practically all influence on the national level. The elections in Lower Saxony will also probably see the disappearance of the DRP, last of the radical right parties still to be in a legislature. There will also be elections in April, 1959, in Rheinland-Pfalz, so strongly a CDU domain that they are uninteresting; and late in the year in Bremen and the Saar.

The SPD.

It is probably in the interest of democracy in the Federal Republic that, in the Land elections, the SPD gained strength generally and was returned to responsibility in Hesse and Berlin. Contrary developments would promote irresponsible policies within the party and radicalization of its leadership. Its failures have already led to an unhealthy amount of talk, even by Ollenhauer and other moderates, about the Opposition being excluded from the State.

The SPD has not recovered from its 1957 defeat and is plagued by weak leadership, except for Herbert Wehner, by inability to escape from outdated traditions and policies, by an inability to reconcile the disparate elements of the party and particularly to make a decision as to whether the SPD will remain a workers' party or move toward policies which can attract enough voters to win more elections. Those who hoped for reforms toward more moderate and realistic policies at the SPD convention in Stuttgart in May were disappointed. The only steps forward there, were an acceptance in principle of national defense forces and a symbolic move away from economic policies of complete nationalization. Neither of these steps has moved the party at all toward achieving a broader electoral support and any move to apply the new principles has met deep resistance in the party. Erler, the chief SPD proponent of a more realistic defense policy, has not been able to win party acceptance of any practical step in that direction. The trade unions will not give up nationalization and even a decision by the national party leadership to promote friendly relations between the SPD and the Bundeswehr has found considerable opposition at lower levels.

There was also evident at the Stuttgart convention a tendency at all levels to equate East and West, Adenauer and Ulbricht, Warsaw Pact and NATO and to seek a "German position" apart from all of these. Except in Berlin, and perhaps in

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Herbert Wehner, there is little serious resistance within the SPD to dealing with Pankow; and such radicals as Heinemann and Kalbitzer are pushing even further in that direction toward ultimate recognition and possibly confederation. There are few in the SPD in the Federal Republic who would support a war for Berlin rather than deal with the GDR. They would also be the first to use a retreat from Berlin as evidence that NATO guarantees are meaningless and should be abandoned in favor of reunification, even perhaps on a basis of confederation. There is not now any evidence of more realistic and constructive policies in the SPD which would suggest a change for the better in the year ahead.

Personalities.

Chancellor ADENAUER continues to be the great man of German politics but, for the first time in his history as Chancellor he failed to suppress a campaign against his policies in his own party. Some attribute this to a loss of vigor and alertness in his old age, others to a complete self-confidence and conviction that it would be unwise and unnecessary to fight with opponents who cannot match his own support in the party and the public, and still others to a real impatience and fatigue in public opinion at the lack of success of his policies in bringing about a detente or reunification. Whatever the cause, he has had to adopt tactics which he would not have chosen alone and his opponents are beginning to assume a prominence of their own. He will have capped all his triumphs if he now appears to lead his allies in measures which bring about a peaceful solution of the Berlin problem, perhaps together with progress toward or new approaches to the problems of reunification or general disarmament.

Bundestag President GERSTENMAIER is the most important of the "rebels". It was he who made the open break with the Chancellor in foreign policy and who, with Lemmer, Grädl, and Kiesinger, won support of the CDU faction for the Bundestag resolutions of July 2 and October 1. When the Chancellor failed to respond adequately to Opposition accusations of undue rigidity it was Gerstenmaier who came up with the proposal for adding a German peace treaty to the agenda for a summit meeting. In this he supported Germany's position as a western state but also offered a hope for the peace with the East which might bring reunification. The CDU's success in the atomic issue was greatly assisted by Gerstenmaier's role in Protestant circles, where resistance was strongest, and in the Bundestag where he enjoys respect for his intellectual prowess and integrity. He was credited with the finest speech in years when he came down from the chair to be the principal speaker in the atomic arms debate in March. Where the public is becoming a little impatient and offended by the bitterness of the Chancellor's partisan politics they are pleased by Gerstenmaier's conciliatory and dignified treatment of the Opposition.

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Gerstenmaier's stubbornness and independence have not always made him friends. His leading position in the Protestant church slightly reduces his potential in a party sensitive to confessional differences and his advocacy of a new "anti-welfare state" liberalism in social and economic policy at the Kiel CDU convention turned the strong Catholic labor wing of the party against him. He has no strong organization behind him within the CDU. His ambition to become Chancellor seems improbable of fulfillment now, and the terms of negotiation of a peace treaty on which the USSR is insisting tend to discredit his approach to the reunification problem. However, if there were some development which seemed to justify Gerstenmaier's foreign policy tactics, his already considerable prestige would be enhanced and he might become an even more serious contender for national leadership in the period after Adenauer's departure from the scene.

Gerstenmaier and Grادل have not pressed their plans strongly since the Soviets began the offensive against Berlin, believing, with the majority of the party, that this is no time for internal strife or for a "softer" stand against the Soviets. It is significant that both of them are in favor of force to hold the way to Berlin open, if necessary. However, they prefer the way of negotiations on Germany's future military status, and will continue to press for it as opportunities arise.

As the new year begins, KIESINGER, another important figure among the CDU "rebels", leaves the chairmanship of the Foreign Affairs Committee, the center of the attacks on the Chancellor's policies, to become Minister-President of Baden-Wuerttemberg. He decided to change primarily for personal, financial reasons but also because he was bitter at the Chancellor's failure to give him a ministerial post and to accept his policy advice. In the new job, which will, of course, put him in the Bundesrat, he will be less subject than ever to national party discipline and can be expected to use his new prestige and freedom to press the dissident view, perhaps with aspirations to be Foreign Minister in a Gerstenmaier cabinet. The chairmanship of the Foreign Affairs Committee has gone by seniority to Professor Furler, who is entirely loyal to the Chancellor but not strong politically. The succession to Kiesinger as leader of the CDU Foreign Policy Working Group was sought by Grادل but has also gone to the Chancellor's man, Majonica. Grادل remains an important CDU speaker on all-German problems but these changes put the Chancellor's men in the more influential foreign policy positions in the Bundestag. There are also a number of younger deputies, Majonica, Guttentberg, and Martin being the best known ones who have increasing influence in CDU foreign policy circles and who are strong supporters of the Chancellor's policies.

GLOBKE and KRONE continue to be the Chancellor's principal lieutenants and advisers. Krone became a Vice Chairman of the party in September and, largely because of his loyalty to Adenauer's foreign policy, is the Chancellor's candidate for the presidency. He is also a close friend of Grادل, shares the general Berlin CDU inclinations and was deeply moved by his own studies of the plight of the population of the Soviet Zone. He has supported efforts to bring about

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new negotiations on the German problem and has differed from the Chancellor on working with the Opposition and especially with Wehner. Krone and doubtless Globke, have remained calm and firm through the storms of 1958 and continue steadfastly to oppose any compromises on disengagement or recognition of the GDR. They believe that the USSR will back down if confronted with firm resistance to its Berlin proposals and say that, in fact, the situation may be turned to advantage as a starting point for negotiations toward general disarmament.

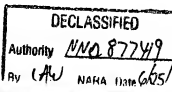
BRENTANO had a bad year, with his relations with the Parliament frequently strained. Foreign policy decisions continue to be taken by the Chancellor, often without the Foreign Minister's advice, and in foreign policy debates Minister of Defense Strauss repeatedly stepped in to save the day with speeches of force and clarity of which Brentano is not capable. If the GDR has successes in Asia or Africa which lead to a serious weakening of the Hallstein Doctrine (discussed page 22), Brentano may be attacked for trying too long to hold a hopeless position. There was some consolation for him in that the role of Strauss and Blankenhorn and Eckardt in influencing and expounding foreign policy seemed to diminish after they had been very active in the early part of the year. They remain, however, influential with the Chancellor and ever ready to take the lead in Brentano's own field.

STRAUSS continued to be distrusted for his impetuosity and aggressiveness. Last year's adjectives, "wily and dynamic" still fit, and Strauss continues to pursue his plans for a German atomic army and for military strength as an element of national power. Strauss' prospects of eventually becoming Chancellor are undoubtedly linked to a steady increase in national assertiveness and are cause for unease in and outside Germany, taking into account Strauss' driving ambition. His intellectual and oratorical ability are a considerable asset to the CDU/CSU and he commands the support of the CSU, the party's largest single element.

Prosperity continues to uphold ERHARDT's good reputation although could problems brought him some criticism and there will undoubtedly be other situations in which he is driven to abandon some of his free market principles. For the moment he seems the most probable successor to the chancellorship but both he and his political colleagues are beginning to doubt that this is the position for him. He suffers from being a bad administrator, a man with no great skill or depth of support in party politics and is in reality but a specialist in economic matters without a flair for international politics.

Finance Minister ETZEL is increasingly praised for good management, political sense both in internal and external affairs, devotion to the western alliances and great experience in building up the Federal Republic's position. He also possesses quality of dignity and authority essential to a good Chancellor. His budget was universally praised as businesslike and something of a bureaucratic

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triumph, particularly with respect to defense costs which had earlier been most worrisome to the CDU. Krone, who will have a major role in choosing the next Chancellor, has said recently, most privately, that he favors Etzel for the Chancellorship.

In the weakness, confusion, and contradiction throughout the SPD, two strong figures have come to the fore in the last year: Willi BRANDT as the hero of Berlin and generally conceded to be the only man in the party who could win the chancellorship for the SPD, and Herbert WEINER. Weiner has achieved a power in the party comparable to (but not as strong as) that of Adenauer in the CDU. He has most unexpectedly been welcomed by Bundestag deputies of other parties (including many in the CDU) as the only SPD leader who has the intelligence and the courage to take some constructive decisions not clouded by partisan tactics and party ideologies. He has been found realistic in military questions and foreign affairs and, paradoxically, tougher in his opposition to recognition of the GDR than are some in the CDU. He is credited with having infused the SPD Party apparatus with a new vigor and with slowing down the more radical initiative in the party for recognition of the GDR. He is a temperamental, suspicious, somewhat ugly personality, sarcastic, more or less friendless, and sternly Marxist in his economic and social policies. He remains suspect in the public eye as an ex-Communist, and his sharpness in debate as well as his tendency to be emotional and bitter and oversensitive personally make him difficult in the Bundestag and in the party, but his leadership is a welcome change from the pedestrian fumbblings of his fellow party leaders. Brandt lacks organized support in the party in the Federal Republic but in the Berlin crisis is becoming a popular hero and is one whose moderate policies could draw support to make him a leading national candidate.

The wealth of leaders with deep popular roots, loyal to principles of freedom and democracy, and devoted to the public interest as each sees it, is a welcome answer to the worries of a decade ago about finding adequate leadership for the new Germany. Their presence warrants confidence in Germany's future as a partner in the western community.

For the Ambassador:

William R. Tyler
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Counselor of Embassy

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